

Message Text

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PAGE 01 NOUAKC 01953 241555Z

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 NSA-01 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NEA-10 INT-05 L-03

H-02 EA-07 /089 W

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R 241435Z SEP 75

FM AMEMBASSY NOUAKCHOTT

TO SECSTATE WASHDC 4437

INFO AMEMBASSY DAKAR

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: EFIN EMIN EINV MR

SUBJECT: MAURITANIAN IRON ORE EXPORTS DROP SHARPLY

SUMMARY: MAURITANIAN IRON ORE EXPORTS, WHICH TRADITIONALLY ACCOUNT FOR ABOUT 70 PERCENT OF FOREIGN EXCHANGE INCOME, HAVE DROPPED SHARPLY IN RECENT MONTHS DUE TO GLOBAL RECESSION. ALTHOUGH EXPORTS MAY BEGIN RISING AGAIN IN OCTOBER, SIGNIFICANT DAMAGE HAS ALMOST CERTAINLY BEEN DONE TO MAURITANIA'S FOREIGN EXCHANGE SITUATION. DIFFICULTY MAY LEAD TO ADDITIONAL REQUESTS FOR ASSISTANCE FROM ARAB FRIENDS. END SUMMARY.

1. WORLD ECONOMIC DOWNTURN HAS SERIOUSLY AFFECTED MAURITANIAN IRON ORE EXPORTS IN RECENT MONTHS. IRON ORE MINES WERE NATIONALIZED IN LATE 1974 AND PLACED UNDER CONTROL OF SOCIETE NATIONALE INDUSTRIELLE ET MINIRE (XSNIM)CV, GOVERNMENT INDUSTRIAL HOLDING COMPANY. IRON ORE COMPLEX, RECENTLY RENAMED COMINOR, EXPORTED RECORD AMOUNT DURING FIRST THREE MONTHS AFTER NATIONALIZATION AND BEFORE ECONOMIC RECESSION BEGAN TO CUT INTO ORDERS. IN FACT, COMINOR EXPORTED ALL-TIME HIGH (1,230,000 TONS) IN JANUARY 1975.

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PAGE 02 NOUAKC 01953 241555Z

2. DURING PERIOD BETWEEN JANUARY 1 AND JULY 31, 1975, COMINOR PRODUCED 5,829,139 TONS OF ORE. DURING SAME PERIOD, COMPANY REPORTED EXPORTS OF 5,874,282 TONS OF ORE. ACCORDING TO SNIM FINANCIAL DIRECTOR, HOWEVER, PRODUCTION FELL TO 400,000 TONS IN AUGUST AND, ALTHOUGH FINAL FIGURES ARE NOT YET AVAILABLE, SEPTEMBER PRODUCTION MAY BE AS LOW AS 250,000 TONS. SNIM OFFICIAL COMMENTED THAT MINES ARE OPERATING AT ABOUT 50 PERCENT OF CAPACITY, AMERICAN BUSINESSMAN WHO VISITED NOUADHIBOU, MAURITANIA'S NORTHERN PORT WHERE IRON ORE IS LOADED FOR EXPORT, IN EARLY SEPTEMBER, REPORTED THAT NO ORE CARRIER WAS LOADED OR LEFT PORT DURING HIS THREE-DAY STAY IN CITY. HE SAID ESTIMATES OF PRESENT LEVEL OF IRON ORE OPERATIONS RANGED FROM 15 PERCENT TO 30 PERCENT OF CAPACITY.

3. SNIM OFFICIAL PREDICTED THAT IRON ORE EXPORTS WILL BEGIN TO RISE IN OCTOBER, ALTHOUGH BY HOW MUCH IS NOT KNOWN. HE SAID THAT BREAK-EVEN FIGURE FOR COMINOR IS 500,000 TONS PER MONTH. AUGUST AND SEPTEMBER EXPORTS ARE WELL BELOW THIS LEVEL. AT BEGINNING OF YEAR, COMINOR PREDICTED CY 1975 EXPORTS WOULD REACH 11,400,000 TONS. BY EARLY AUGUST, COMINOR REVISED THIS FIGURE DOWNWARD TO 9,000,000 TONS.

4. EVEN THOUGH TOTAL ORE EXPORTS ARE DOWN, PURCHASERS OF ORE REMAIN ESSENTIALLY SAME AS BEFORE NATIONALIZATION. DURING FIRST HALF OF 1975, ORGANIZATIONS IN FOLLOWING NATIONS PURCHASED MAURITANIAN ORES, FRANCE: 1,300,000 TONS; UK: 1,180,000 TONS; WEST GERMANY: 280,000 TONS; SPAIN: 533,830 TONS; BELGIUM: 454,000 TONS; HOLLAND: 359,000 TONS; SWITZERLAND: 21,000 TONS; JAPAN: 345,000 TONS; ITALY: 886,000 TONS; POLAND: 29,000 TONS.

5. COMMENT: COMINOR HAS TRADITIONALLY PROVIDED ABOUT 70 PERCENT OF MAURITANIA'S FOREIGN EXCHANGE INCOME. SIGNIFICANT DROP IN IRON ORE EXPORTS, THEREFORE, WILL HAVE IMPORTANT IMPACT ON MAURITANIAN ECONOMY. COUPLED WITH RECENT PROBLEMS FACED BY COPPER INDUSTRY (NOUAKHOUT), LIMITED OFFICIAL USE

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CHOTT 1929), SHORT-TERM FOREIGN ENGE PICTURE IS NOT BRIGHT. SITUATION MAY LEAD TO ADDITIONAL REQUESTS FOR ASSISTANCE FROM ARAB FRIENDS. ACCORDING TO EVERY INDICATION WE HAVE RECEIVED, PROBLEM IN IRON ORE INDUSTRY STEMS SOLELY FROM WORLD RECESSION. THERE HAS BEEN NO APPARENT LOSS OF EFFICIENCY AT IRON MINE FOLLOWING NATIONALIZATION. IN FACT, MANAGEMENT AT MINES HAS REMAINED THE SAME. SHINN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, ECONOMIC CONDITIONS, NATIONALIZATION, EXPORT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NOUAKC01953
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750331-0890
From: NOUAKCHOTT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750922/aaaaatah.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2003 by BoyleJA>; APPROVED <15 DEC 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MAURITANIAN IRON ORE EXPORTS DROP SHARPLY SUMMARY: MAURITANIAN IRON ORE EXPORTS, WHICH TRADITIONALLY
TAGS: EFIN, EMIN, EINV, MR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006